

TENTATIVE FINDINGS OF FACT

I. Respondents

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3 1. Respondent Clairmont Capital Corp. ("Clairmont") is a Colorado for-profit corporation authorized to do
4 business on June 16, 1998. The firm offers and sells off-exchange foreign currency options contracts. The
5 firm has its principal place of business at 518 Seventeenth Street, Suite 280, Denver, Colorado 80202.

6 2. Respondent Geoffrey L. Mann ("Mann") is Clairmont's President.

7 3. Respondent Charles W. Trench ("Trench") is Clairmont's Vice-President.

8 4. Respondent Shannon D. Staats ("Staats") is a salesperson for Clairmont.

9 II. Nature of Respondents' Conduct

10 5. On or about April 15, 2000, Staats, an "Account Executive" with Clairmont, cold-called a Washington
11 resident, Yu Jin Ko. Staats described Clairmont as a professional currency exchange broker helping people
12 invest on the foreign currency exchanges. He claimed that Clairmont knew the foreign markets very well,
13 and that Mrs. Ko could depend on Clairmont to make her money. Staats encouraged Mrs. Ko to invest in
14 options contracts in Japanese Yen, claiming that Clairmont believed that the Yen was going to go down in
15 value due to the economic conditions in Japan. He said that for a \$5,000 investment, Mrs. Ko could receive
16 \$20,000 or more. Mrs. Ko, who had no experience investing on option contracts of foreign currency,
17 refused his solicitation and told him that she would think about it. Staats said that he would send her some
18 additional information by mail.

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20 6. On or about April 22, 2000, Staats called Mrs. Ko again. He repeated his promises of high returns, and
21 encouraged her to purchase options contracts in Japanese Yen. He claimed that the Japanese government
22 was going to have to devalue the Yen in order to help the Japanese economy, and that the devaluation of the
23 Yen was bound to happen. When Mrs. Ko expressed reservations Staats assured her that there was little risk
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1 in the investment, and repeated his claim that the Japanese government was going to devalue the Yen. He
2 further claimed that in the event the Japanese Government did not take such action, that Japan would go
3 bankrupt, and the value of the Yen would decrease. He repeated his claim that Mrs. Ko could earn \$20,000
4 or more on just a \$5,000 investment.

5 7. On May 5, 2000, Mrs. Ko invested \$5,000 for five put option contracts against the Japanese Yen at a
6 strike price of \$89.25. The contracts were to expire on July 7, 2000.

7 8. Clairmont retained approximately \$1,200 in un-disclosed commissions. The balance of Mrs. Ko's
8 investment, \$3,800, was entered on the books of Clairmont. By June 12, 2000, the liquidation value of her
9 account was \$312.50. By July 10, 2000, the account value was \$0.00.

10 9. None of the Respondents is currently registered to sell commodity contracts or commodity options with
11 the Commodity Futures Trading Commission, has previously been so registered, or qualified for an
12 exemption from registration.

13 10. None of the Respondents is currently registered as a commodity broker-dealer in the state of
14 Washington, has previously been so registered, or is a person exempt from the prohibition of RCW
15 21.30.020. Furthermore, none of the Respondents is currently registered as a securities broker-dealer either
16 with the National Association of Securities Dealers or with the state of Washington, has previously been so
17 registered, or qualified for an exemption from registration.

18 11. The Securities Administrator finds that the continued offering and/or sale of illegal off-exchange
19 commodity option contracts in the State of Washington by Respondents presents a threat to the investing
20 public.
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1 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

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3 **CONCLUSIONS OF LAW**

4 The offer and/or sale of foreign currency option contracts, as described above, constitutes the offer
5 and/or sale of a commodity contract or commodity option in the state of Washington as defined in RCW
6 21.30.080 and RCW 21.30.010.

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8 The offer and/or sale of said commodity contracts or commodity options constitute a violation of the
9 prohibition under RCW 21.30.020 because the offer or sale was made by a person not exempt under RCW
10 21.30.030 and the transaction or contract was not exempt under RCW 21.30.040.

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12 The offer and/or sale of said commodity contracts was made in violation of RCW 21.20.060
13 because, as set forth in the Tentative Findings of Fact above, the representation that there would be a decline
14 in the value of the Yen sufficient for investors to receive a \$20,000 return on a \$5,000 investment was made
15 with no reasonable basis in fact. Respondents also omitted to state material facts concerning the
16 commissions that would be charged, disclosure of which would have been necessary in order to make the
17 statements about the profit potential not misleading.

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20 **EMERGENCY**

21 The Securities Administrator finds that an emergency exists, that the offer and/or sale of illegal off-
22 exchange commodity option contracts and the continued violations of RCW 21.30.020 and RCW 21.30.060

1 constitute a threat to the investing public, and that a summary order to cease and desist from those violations
2 is in the public interest and necessary for the protection of the public.

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4 **SUMMARY ORDER**

5 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that
6 Respondents Clairmont Capital Corp., Geoffrey L. Mann, Charles W. Trench, and Shannon D. Staats, their
7 agents and employees each cease and desist from offering and/or selling commodity contracts or commodity
8 options in any manner in violation of RCW 21.30.020.

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10 It is further SUMMARILY ORDERED that, Respondents, their agents and employees each cease
11 and desist from offering and/or selling commodity contracts or commodity options in any manner in
12 violation of RCW 21.30.060, the anti-fraud section of the Commodity Act.

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15 **AUTHORITY AND PROCEDURE**

16 This ORDER is entered pursuant to the provisions of RCW 21.30.120 and is subject to the
17 provisions of Chapter 34.05 RCW. The respondents, Respondents, Clairmont Capital Corp., Geoffrey L.
18 Mann, Charles W. Trench, and Shannon D. Staats may each make a written request for a hearing as set forth
19 in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying
20 this order. If a Respondent does not request a hearing, the Securities Administrator intends to adopt the
21 Tentative Findings of Fact and Conclusions of Law and this Summary Order to Cease and Desist as final as
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1 to that Respondent.

2 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE**

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4 DATED this 4th day of May, 2001.

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8 DEBORAH R. BORTNER
9 Securities Administrator

10 Approved by:

Presented by:

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12 Michael E. Stevenson
13 Chief of Enforcement

14 Anthony W. Carter
15 Securities Examiner